

## **LBNL – PROCUREMENT STANDARD PRACTICES**

**Section: 11 Describing University of California Needs**

**Subject: 11.3 Priorities and Allocations**

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**PURPOSE:** This standard practice (SP) describes the requirement to implement the Defense Priorities and Allocation System regulation in support of authorized national defense programs and those programs that maximize domestic energy supplies.

**POLICY:** The Laboratory will follow the rules and procedures of the Defense Priorities and Allocations System (DPAS) regulation to obtain controlled materials and other products and materials needed for contract performance.

**SCOPE:** This SP applies to subcontracts for:

- DOE atomic energy construction, operations (including maintenance, repair, and operating supplies), and research and development programs, and, in certain exceptional cases, for the expansion of privately-owned facilities;
- DOE energy programs and projects, including DOE non-nuclear projects, that are determined by DOE to maintain or further energy exploration, production refining, or transportation; conservation of energy supplies; or construction and maintenance of domestic energy supply facilities; and
- Other DOE programs authorized by DOE-HQ.

### **DEFINITIONS:**

**Authorized Programs** An authorized program means a program determined jointly by the Departments of Energy and Commerce to be eligible for priorities and allocations support under the Defense Production Act of 1950, as amended by the Energy Policy and Conservation Act.

**Controlled Materials** Controlled materials means the various shapes and forms of steel, copper, aluminum, and nickel alloys as specified in Schedule II, and defined in Schedule III, of the DPAS.

**Defense Priority and Allocations System (DPAS)** The DPAS regulation (15 CFR Part 700) provides for preferential treatment by industry of subcontracts placed in support of authorized programs.

**Rated Order** Rated order means a subcontract for any product, service, or material, including controlled materials, placed by the Laboratory under the provisions of DPAS in support of an authorized program and which requires preferential treatment, and includes lower-tier subcontracts.

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### **PROCEDURES:**

#### **Background**

Title I of the Defense Production Act of 1950 authorizes the President of the United States to (1) require that contracts in support of the national defense be accepted and performed on a preferential or priority basis over all other contracts and (2) allocate materials and facilities in such a manner as to promote the national defense. The DPAS regulations implement the Defense Production Act of 1950.

The Energy Policy and Conservation Act added a new section 101(c) to the Defense Production Act, making programs which maximize domestic energy supplies eligible for priorities and allocations support. Guidance is provided by DOE regulation at 10 CFR 216 and by DOE Directive 544.1, *Priorities and Allocations Program*.

Rated Orders placed in support of authorized energy programs are equivalent to orders placed in support of authorized national defense programs under DPAS and receive the same preferential treatment throughout the industrial supply chain.

The Office of Strategic Industries and Economic Security, of the U.S. Department of Commerce, is responsible for administering and enforcing the DPAS. The Director of Procurement and Assistance Management, DOE-HQ, maintains the master list of DOE programs designated as eligible for priority ratings.

#### **Identification of Rated Orders**

A DPAS rating is usually established through the program funding and approval process. The need to apply a DPAS rating to a subcontract must be identified by the requester on the purchase request.

#### **Solicitations and Subcontracts**

Solicitations and subcontracts for rated orders must contain:

- A priority rating and a program or identification symbol (see below);
- A required delivery date or dates; and
- The *Priorities and Allocations* clause.

#### **Priority Ratings**

Rated orders must be identified by one of two levels of priority: "DO" or "DX." All DO rated orders have equal priority with each other and take preference over unrated orders. All DX rated orders have equal priority with each other and take preference over DO rated and unrated orders. DX ratings are used for special defense programs designated by the President to be of the highest national priority.

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**DOE Identifiers** – Rated orders are identified by the DO or DX priority level followed by one of the following DOE identifiers.

- For atomic energy/weapons programs:
  - E-1 for construction;
  - E-2 for operations, including maintenance, repair, and operating supplies; and
  - E-3 for privately-owned facilities.
- For programs that maximize domestic energy supplies:
  - F-1 for exploration, production, refining, and transportation;
  - F-2 for conservation; and
  - F-3 for construction and maintenance.

### **Elements of DPAS**

For DPAS to operate, the subcontractor must:

- Accept the rated order, including the required delivery date(s);
- Extend the priority rating to all related lower-tier subcontractors and suppliers; and
- Give the rated order priority over other contracts, as necessary, to meet the delivery requirements.

### **Administration of DPAS**

Once a rated order has been accepted, an extension of the delivery schedule that will delay the rated program cannot be accepted. The Procurement Manager must be consulted if the procurement specialist experiences difficulty placing a rated order, obtaining timely delivery under a rated order, locating a subcontractor to fill a rated order, or ensuring that a rated order receives preferential treatment by a subcontractor.

### **CLAUSES:**

Include the substance of the *Priorities and Allocations (Atomic Energy)* clause at DEAR 952.211-71 in all solicitations and subcontracts that are rated orders in support of atomic energy/weapons programs.

Include the substance of Alternate 1 of the *Priorities and Allocations (Domestic Energy Supplies)* clause at DEAR 952.211-71 in all solicitations and subcontracts that are rated orders in support of programs which maximize domestic energy supplies.

### **RESPONSIBILITIES:**

#### **Procurement Specialist**

The procurement specialist shall:

- Ensure that the appropriate priority rating is applied when

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required;

- Include the priority rating and required delivery date(s) in all solicitations and subcontracts for rated orders;
- Ensure that subcontractors meet all required delivery dates; and
- Consult with the Procurement Manager when experiencing difficulty placing a rated order, obtaining timely delivery under a rated order, locating a subcontractor to fill a rated order, or ensuring that a rated order receives preferential treatment by a subcontractor.

### **REFERENCES:**

Prime Contract Clause I.67 - Priorities and Allocations (Domestic Energy Supplies (Alternate 1)

Prime Contract Clause I.68 – Priorities and Allocations (Atomic Energy)